

NORTHERN CORRIDOR ECONOMIC REGION AND LOGISTICS INDUSTRY

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ABSTRACT

The purpose of this paper is to find how NCER improve logistics industry in northern states. A detailed review is used to sort out the literature and develop the research direction of the study. The review is focused on development of logistics industry in northern states including all those researchers which is relevant to logistics industry and important and benefits of NCER. Based on various sources of literature concerning several of projects, developments and new logistics industry are established by NCER. Most of the sources of this study are collected from information system, reports, and research. As a conclusion we can say that improving logistics industry in northern states is very important.

Keywords

NCER, Logistics Industry, Public Transportation, Benefits of NCER and Importance of NCER.

1.0 INTRODUCTION

Northern Corridor Economic Region (NCER) is a regional development initiative across the state of Kedah, Pinang, Perlis, North of Perak that cover 2.4 million hector of areas. It is Federal Government Development Program to accelerate economic growth and elevate income levels in the north of Peninsular Malaysia. NCIA is a Federal Statutory body established under NCIA 2008 Act 687 responsible for the development of NCER.

According to Ismail *et al*, (2008), cited by Muhammad, Ahmad and Shanon (2011), NCER will focus on the on the agricultural, manufacturing, logistic, and tourism sector of north. The NCER initiative started from 2007 and will span to the end of the 12th Malaysia plan period 2025. Helping the region maximize its economic potential and closing the development and income gap between the different regions in Malaysia and move towards

higher value-add and knowledge based economic activities to drive further increase in per capita are some objective of NCER initiative.

In Malaysia economic, logistics industry play very big role. According to Service Development Division (Ministry of International Trade and Industry), logistics has assumed a very prominent role as it provides the backbone to facilitate international trade. Logistic value chain involves integration of various service providers like transport, distribution, freight, and ancillary services to deliver a total supply chain solution. Other than that, to give more focus on this sub-sector, the government has set up the Malaysia Logistics council (MLC) in February 2007 to the focal point for the overall coordination on strategies, policies, regulation and rules.

According to Socio-Economic and Environmental Research Institute (Pinang), Penang Central integrated transport hub and Penang Port expansion are some logistics development done by NCER. This is a good example of development of logistics industry in Northern Corridor Economic Region.

2.0 LITERATURE REVIEW

2.1 NCER and Logistics Industry

Northern Corridor Economic Region (NCER) is a regional development initiative across the state of Kedah, Pinang, Perlis, North of Perak that cover 2.4 million hector of areas. It is Federal Government Development Program to accelerate economic growth and elevate income levels in the north of Peninsular Malaysia. NCIA is a Federal Statutory body established under NCIA 2008 Act 687 responsible for the development of NCER.

According to the American Council of Logistics Management, logistics is defined as “the process of planning, implementing and controlling the

efficient cost effective flow and storage of raw materials, in-process inventory and movement of finished products and related information from point of origin to point of consumption, for the purpose of conforming to customer's requirements".

Logistics industry in northern states except Pinang not efficiency. Logistics industry facing many problem and challenges in northern states. NCER have given more important on logistics industry in northern area. Mostly NCER focused on Pinang state only, it's because Pinang have big logistics market or industry.

2.2 Important and Benefits of NCER

NCER activity is very important to improve logistics industry. It's because Malaysia have a big logistics industry. According to Socio-Economic and Environmental Research Institute in Pinang, The Malaysian logistics industry encompasses mainly single specialized service providers¹, such as transport operators, freight forwarders and warehousing services. In brief, the Malaysian logistics industry could be categorized into two, namely (i) transport service providers, and (ii)

Logistics service providers. The transport service providers include transport operators of air, sea, road and rail; multimodal operators; and terminal operators. The logistics service providers consist of facilitation services (such as freight forwarders, customs brokers, ship brokers, shipping agents, consolidators, and non-vessel operating common carriers), distribution services (warehousing and transportation, and inventory management).

Even thought, Malaysia play big role in logistics industry, but still northern states did not improved in logistics industry. Improving logistics industry in northern states will give benefits for logistics industry in northern states.



FIGURE 1: NCER PLAN

- NCER projects related logistics industry

The Northern Corridor Economic Region (NCER) development programme is a Government initiative to accelerate economic growth and elevate income levels in the north of Peninsular Malaysia – encompassing the states of Perlis, Kedah, Pulau Pinang and the northern Perak. The NCER initiative will span from 2007 to the end of the 12th Malaysia Plan period, i.e. 2025.

- Second Penang Bridge

Penang and visitors to the Pearl of the Orient will have to be patient for a few more years, as the Second Penang Bridge is scheduled to roll out only in 2013. With the new link, island-bound traffic will be able to flow from Batu Kawan in Seberang Perai, to Batu Maung on the other end.

- Northgate Avenue

Northgate Avenue only about 200 metres from the border, would include the construction of commercial premises, sports facilities, hotels and factories. such development would also require the cooperation of various ministries and the United Nations Educational, Science and Cultural Organisation (Unesco) to ensure they would emerge as important tourist destinations.

- 20,000 Jobs in next 10 years

More than 20,000 jobs and 232 business opportunities in various sectors are expected to be created in the next 10 years under the Northern Corridor Economic Region (NCER) programme.

- Upgrade for Penang Airport

THE Penang International Airport (PIA) will have a spanking new look in June 2012 under its RM250mil expansion project. PIA's passenger load had consistently ranked fourth among the country's 39 airports.

- LCCT in Perak

Initial discussions with the Federal Government for Perak to set up its own low-cost carrier terminal (LCCT) in the northern part of the state has taken place. The site is expected to take up 4,000 acres in the vicinity of Parit Buntar and Taiping, which is in the area of the Northern Corridor Economic Region. This would bring about economic activity and make Taiping and Parit Buntar a new growth centre.

3.0 METHODOLOGY

Data were collected using on reviewing and gathering the previous literature studies on NCER and Logistics Industry. Besides, secondary data also being use to collect the improvement of logistics industry after applying NCER activities. Internet (web-based) and research report are the data provides much information regarding to the NCER information.

Table: 1

Title/Author/Year	NCER, Logistics Industry, Important & Benefits of NCER.
Enhancing the Penang Logistics Industry to Promote Overall Competitiveness. Socio-Economic & Environmental Research Institute (Penang), (2007, March).	1. To promote a major processing centre and entrepot port 2. To promote Penang port as a regional transshipment centre
Penang as An Integrated Logistics and Transportation hub Under Northern Corridor Economic Region. Socio-Economic & Environmental Research Institute (Penang), (2007, August).	1. Quick wins and solidifying foundation 2. Broadening and deepening private sector involvement. 3. Achieving regional leadership through sustainable and marked-led growth. BENEFITS 1. The railway double tracking project 2. Second Penang Bridge 3. Penang sentral intergrated transport hub 4. Penang port expansion 5. Penang monorail 6. Expansion of the first Penang Bridge

The table shows NCER function on logistic industry in Northern states. From the first literature study, it shows NCER function on promoting Penang as a major processing centre and entrepot port and promotes Penang Port as a regional transshipment centre. NCER projects mostly focused on Penang state.

The second research shows important and benefits of NCER planning on northern states. Quick wins and solidifying foundation, broadening and deepening private sector involvement and achieving regional leadership through sustainable and marked-led growth are some main objective of NCER. The railway double tracking project, second Penang Bridge, Penang sentral integrated transport hub,

Penang port expansion, Penang monorail and expansion of the first Penang Bridge are some benefits get by NCER planning and projects. NCER plan divide in to 5 zone:

1. Corridor island
2. Coastal corridor
3. Central corridor
4. Interior corridor
5. Corridor Butterworth-Kulim-Throw-Base-Grim Hulu.

Island corridor, Coastal corridor and Corridor Butterworth-Kulim-Throw Base- Grim Hulu are 3 main zone that give importance to logistic industry.

4.0 FINDINGS

Comparisons between literatures were described pertaining to each research question (RQ) that mentioned earlier.

RQ 1: Important of the NCER activity

By comparing the previous researches NCER activity have to play important role in logistics industry. It's because logistics industry face many problem and challenges to growth in northern states. NCER have to focused on Kedah, Perlis, and Perak states because those states face many problem in logistics industry if compare with Penang state. Penang is a focused state by NCER. Most of NCER projects are done in Penang state. For example, second Penang bridge, Expansion of the first Penang bridge, Penang sentral integrated transport hub, Penang monorail, Penang port expansion and The railway double tracking projects are some NCER projects in Penang states.

More activity must be done in other north states also. Kedah is under developing states in logistics industry. More focused by NCER will develop the logistics industry in kedah. Bukit Kayu Hitam is a big logistics industrial area in kedah. NCER have to develop those area to become a successful logistics area in Malaysia.

RQ 2: Benefits of the NCER activity

From second research we can find the benefits of NCER and benefits get by logistics industry. Quick wins and solidifying foundation, broadening and deepening private sector involvement, and achieving regional leadership through sustainable and marked-led growth are some major or external benefits get from NCER projects. Create new market, introduce new technology, and help build global champions

among NCER logistics companies are some objective and also benefits by NCER.

5.0 DISCUSSION & CONCLUSION

Investigating what NCER are doing currently in logistics industry in northern states are enables practitioners and researchers to reflect on strategies that could bring better results. Future research should focus on the best logistics projects to improve logistics industry among the best in worldwide. Governments have to give more attention on logistics industry in north states and also in all Malaysia. To become powerful logistics country, Malaysia must upgrade our standard and efficiency level to high in logistics industry.

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